Medicare Learning Network
MLN Matters
CMS
Information for Medicare Fee-for-Service Health Care Professionals

News Flash - The ***Inpatient Rehabilitation Facility Prospective Payment System Fact Sheet***, which provides information about Inpatient Rehabilitation Facility Prospective Payment System rates and classification criterion, is now available in downloadable format on the CMS Medicare Learning Network Publications Page located at *http://www.cms.hhs.gov/MLNProducts/downloads/IRFPPSFactSheet.pdf* on the CMS website.

MLN Matters Number: MM5474
Related Change Request (CR) #: 5474
Related CR Release Date: April 27, 2007
Effective Date: December 3, 2007 (IPFs) October 1, 2002 (LTCHs)
Related CR Transmittal #: R1231CP
Implementation Date: December 3, 2007

The Use of Benefits Exhaust Day (BE) as the Discharge Date for Payment Purposes for the Inpatient Psychiatric Facility Prospective Payment System (IPF PPS) - Clarification of Discharge for Long Term Care Hospitals (LTCH) – and Allowance of No-Pay Claims (TOB 110)

Provider Types Affected

Providers submitting claims to Medicare Fiscal Intermediaries (FIs), and/or Part A/B Medicare Administrative Contractors (A/B MACs) for services provided to Medicare beneficiaries in LTCHs or in IPFs that are subject to the IPF-PPS.

Provider Action Needed

This article is based on Change Request (CR) 5474, which clarifies that the benefits exhaust date is considered a discharge for payment purposes under the LTCH PPS, redefines policy to benefits exhaust date in IPFs should show as the discharge date and allows both IPFs and LTCHs to bill no-pay claims [type of bill (TOB) 110] once benefits exhaust, effective December 3, 2007.

Background

In the IPF PPS, claims are currently paid based on the date the beneficiary is physically discharged rather than on the date benefits are exhausted. In accordance with the Social Security Act (Section1812), benefits exhaust when:

- No benefit days remain in the beneficiary's applicable benefit period or
- The beneficiary has exhausted the 190-day lifetime limit in a psychiatric hospital.

Some psychiatric patients may have longer lengths of stays than the median length of stay of 9 days, and their associated claims may cross a rate year change and would be paid at the higher rate (i.e., higher Electro-Convulsive Therapy (ECT) rate or outlier). Final bills are not submitted until the patient is officially discharged (i.e., patient physically leaves the hospital or dies).

When benefits exhaust, type of bill (TOB) 117 with a patient status code of 30 (still an inpatient) are submitted. These are also known as continuation bills. Because they have not yet been discharged, psychiatric patients with long lengths of stays may not be captured on the applicable Provider Statistical and Reimbursement (PS&R) report.

In the Long Term Care Hospital Prospective Payment System (LTCH PPS), discharge is defined as when:

- The patient is formally released,
- The patient stops receiving Medicare covered long term care services, or
- The patient dies.

Much like IPF PPS, Medicare has been paying LTCH claims on the actual discharge date, not the benefits exhaust date (if present). Medicare will apply this policy of using the benefits exhaust date for LTCH discharges/benefits exhaust dates as of October 1, 2002.

Effective for IPF discharges/benefits exhaust date on or after December 3, 2007, (for payment purposes) an IPF discharge occurs when benefits exhaust. The claim is paid based on the benefits exhaust date rather than the discharge date.

Note that as of the implementation date of December 3, 2007, Medicare will return claims that providers submit that meet the benefits exhaust criteria without showing the correct discharge date. The providers will then have to split those claims and resubmit, adding the appropriate diagnosis and/or procedure codes based on the date of service.

Under the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), the PS&R report used the benefits exhaust date as the discharge date. This changed when the IPF PPS and LTCH PPS were implemented, and the 'actual' discharge date was used. CR5474 redefines this policy (consistent with the previous methodology), and now the PS&R report shall use the benefits exhaust date as the discharge date for cost reporting purposes for IPF PPS and LTCH PPS.

This will make it easier for the PS&R report (especially during the blend period) to settle the cost report as the days stay with the year in which they occurred. This change in policy means:

- Claims will now be settled on the appropriate cost report,
- The appropriate PPS-TEFRA blend percentage will be paid,
- Patients with long lengths of stay will be counted on the correct PS&R report, and
- The PRICER version used will be the one in effect at the time the services were provided.

In summary, CR 5474 instructs your FI and/or A/B MAC to:

- Use the benefits exhaust date to substitute for the discharge date on both IPF and LTCH PPS claims when present.
- Use the IPF or LTCH PPS Pricer version in effect at the time the services occurred to price claims.
- Effective December 3, 2007, accept and process no pay claims (110 TOB) for IPF PPS and LTCH PPS, once benefits exhaust, instead of requiring the adjustment of claims (117 TOB) until actual discharge occurs.

Note that 117 TOB adjustments are still required when the beneficiary has benefits and when the patient is in a noncovered level of care.

Additional Information

The official instruction, CR 5474, issued to your FI or A/B MAC regarding this change may be viewed at *http://www.cms.hhs.gov/Transmittals/downloads/R1231CP.pdf* on the CMS website.

If you have any questions, please contact your FI or A/B MAC at their toll-free number, which may be found on the CMS website at *http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip* on the CMS website.